GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4913
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Bank Branches in Minority Areas
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Will the Minister of FINANCE be pleased to state:

a) the number of branches opened by the Public Sector Banks (PSBs) in the minority concentrated districts during the last three years;
b) whether the Government proposes to open more bank branches in minority concentrated districts in the country to provide banking facilities to the said people; and
c) if so, the details thereof and the steps taken by the Government in this regard?

Answer

The Minister of State in the Ministry of Finance

(a) to (c) To promote financial inclusion Reserve Bank of India (RBI) grants general permission to domestic Scheduled Commercial Banks including Public Sector Banks (excluding Regional Rural Banks) to open branches at any place in the country, without seeking prior approval of RBI in each case, subject to at least 25 percent of the total number of branches opened during a financial year should be in unbanked rural (Tier 5 and Tier 6) centres (population upto 9999). RBI has also specified that the total number of branches opened in Tier 1 centres (population 100000 and above) during the financial year cannot exceed the total number of branches opened in Tier 2 to Tier 6 centres (population upto 99999) and all centres in the North Eastern States and Sikkim.

For the purposes of ensuring more uniform spatial distribution, banks are encouraged to open branches in underbanked centres, more precisely, in underbanked districts of underbanked States. An underbanked centre (whether a district or State) would be one where the Average Population Per Branch Office (APPBO) is more than the national average. While no mandatory number of branches have been prescribed to be opened in such centres, banks are incentivized for opening branches in such centres.
Further, where the banks do not find it viable to open branches in rural areas, they have been given general permission to open Satellite Offices. Further, rural areas are also covered through Business Correspondents (BCs).
Opening of bank branches is a commercial decision of the banks taken in accordance with the branch opening policy of Reserve Bank of India.
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